

**CHARLOTTE WATER  
ADVISORY COMMITTEE  
MINUTES OF MEETING  
January 19, 2017**

Charlotte Water Advisory Committee met Thursday, January 19, 2017, 2:30 pm at 4222 Westmont Drive, Charlotte, NC.

Members Present: Barbara Bleiweis, Jim Duke, Leslie Jones, Frank McMahan, Pride Patton

Members Absent: Barry Webb, One position is vacant

Staff Present:	Barry Gullet	Director
	Ron Hargrove	Deputy Director
	Steve Miller	Customer Service Manager
	James McLeod	Interim Assistant Business Manager
	Shawn Coffman	Interim Continuous Improvement Manager
	Carl Wilson	Chief Engineer
	Melissa Hershberger	Interim Business Manager
	Chad Howell	Business Manager
	Karen Weatherly	Assistant City Attorney

**Safety Minute**

Good Housekeeping Practices

**Approval of Minutes**

A motion was made by Leslie Jones, and seconded by Jim Duke, to approve the November 2016 minutes. Motion was approved.

**FY 17 Budget Update**

Revenues were up in November and December. Expenses were below the weighted budget averages for both months as well. Revenues are up because growth is exceeding projections.

**FY 18 Budget Update**

The business team is currently in the budget season for the next fiscal year and the budget submittal is being finalized. The proposed budget for FY18 is roughly \$396 million, with most of that being driven by debt service and capital financing. Anticipated changes from FY17 to FY18 include an increase in Pay-as-you-go (PAYGO) funding of capital projects and Service Level Changes for additional staff in areas with limited capacity at current levels.

For the Capital Budget, the areas with the most emphasis include rehabilitation and replacement to address aging and under-performing infrastructure, regulatory compliance, capacity for growth, and public projects and utility operations. Rehabilitation and replacement and capacity for growth encompass

the majority of the preliminary total 5-year Community Investment Plan at \$750 million out of the total \$946 million.

For future planning, the 10-year Financial Plan seeks to determine what impacts forthcoming expenditures and capital projects will have on customer rates and departmental financial targets. Future rates are set based on meeting projected capital and operating costs while sustaining reserves and debt coverage ratios in accordance with financial targets. The hardest part of projecting is estimating how much water the department will sell each year. Rates have to be correct to cover the cost of service at each tier of service, and also must be equitable, affordable, and consistent over time. For FY 2018, the estimated rate increase range is projected to be between \$1.22 to \$2.13 per bill for residential customers, but these projections could change as the budget work continues.

### **Water/Sewer Extension Policy Discussion**

A future meeting has been set with other city departments to discuss how to address impacts of city growth especially related to changes in land use and new high-density developments. Leaders have been comparing Charlotte with similar cities to see how they handle comparable growing challenges.

In addition, recent court decisions related to impact fees are causing some utilities to revisit their fees and charges for new development. Charlotte Water charges capacity fees for new connections which vary with meter size and are based on the value of the existing system. Impact fees are generally based on future expenditures instead of past costs or built value.

Other policy considerations include whether the rate payer or the developer should pay for the existing water and/or sewer line serving new developments, how the department should handle unexpected expenses related to growth, and where does increasing capacity fit into the department's prioritization for investment.

### **Hot Topics**

1. Still in Stage 1 of Drought according to Low Inflow Protocol criteria. Reassessment to occur on the last day of January.
2. A meeting regarding the meter replacement project has been convened for a later date. An update will be coming at a future Advisory meeting.

**Meeting Adjourned – 4:10 pm**

**KCJ**